

The Influence of Word of Mouth as A Mediation to Institution Reputation

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Abstract

This research aims to: 1. analyse emotion experience that directly affects reputation, 2. Emotion experience influence on reputation mediated by word of mouth. Subjects in this research are consumers of two institution. The sample uses as many as 85 respondents, data analysis technique uses Structural Equation Model (SEM) with PLS 3.0 Program. The results of this research prove; emotion experience that directly affects reputation; Emotion experience influence on reputation mediated by word of mouth. The novelty of this research is that the word of mouth can increase institution reputation. The findings of this study may contribute to consumer behavior models, at the institution.

Keywords: *Emotion experience; word of mouth; reputation*

1. Introduction

Institutional reputation is very important to be maintained because it involves a good name in the eyes of consumers, (Assael, H. 1998); (Aaker, D.A., 1996); (Peter & Olson, 1944) (Schiffman, Leon G. & Kanuk, Leslie L., 2008). Government institutions are often a concern for consumers because these institutions must serve consumers well, even if it is not aimed at profits, it must give the best for consumers. The reputation of the government office institution does not have high credibility, so consumers often complain that is a negative experience for consumers, ultimately complaining to others. Vice versa when consumers have positive experiences, consumers speak positively to other parties. Word of mouth communication is a communication process in the form of giving recommendations both individually and in groups to a product or service that aims to provide information personally (Kotler and Keller 2014). (Jung & Seock, 2016) explains that in a company there is often a reputation associated with types of negative reputation, namely negative CEO reputation and negative CSR reputation on corporate reputation. In terms of reputation, researchers try to study in different fields, namely in government institutions.

The current phenomenon with the technological sophistication of institutions can see the comments submitted by consumers on the web or other social media. If positive consumer experience can enhance the reputation of the institution itself, but negative reviews will worsen the institution itself. In reality, there are still institutions that get negative reviews from consumers. Reputation can be measured in three ways, namely, from the institutional network having high credibility, the existence of the institution can be used as a symbol of social status, this online institutional review is good and sends high ratings.

Previous studies conducted by (Serra-Cantalalops, Ramon-Cardona, & Salvi, 2018) proved that there is an effect of emotion experience on institution Reputation, the effect of emotion experience on Word of mouth, and the effect of word of mouth on institution reputation in hotels. Research location of Germany and the UK. This study strengthens the customer satisfaction as mediation, while in this study word of mouth as mediation. Research sites in Indonesia in government offices. conducted a brand reputation research and positive word of mouth on laptop brands in areas of Attica, a sample of university students. Problems that arise relating to the reputation of institutions in government offices related to reputation, there are still consumers who view their reputation as unfavorable, which encourages researchers to conduct scientific studies.

Research question

1. What is Emotion experience that directly affects Institution Reputation
2. What is Emotion experience that directly affects Institution Reputation mediated WOM

2.Literature review

For a company or institution to maintain a reputation, it is very important because of its image in the eyes of consumers. An institution's reputation is influenced by consumer experience and word of mouth, (Giovanis & Athanasopoulou, 2018); (Eberle, Berens, & Li, 2013)

The Relationship of Emotion experience to Institution Reputation

Emotional experience is related to consumer experiences in the Institution, consumer experience regarding future experience in administration, a logistics-related experience I have a positive experience with the administration. a positive experience on many things compared to other institutions (Serra-Cantalops et al., 2018); (Jung & Seock, 2016).

The Relationship of emotion experience to Word of mouth

Word of mouth-related to consumers, word of mouth likes to comment on social work happily comment on personal social networks, comment positively about institutions on social networks and post positive reviews about this relationship on its website (Serra-Cantalops et al., 2018); (Ismail, 2017); (Yu, Zo, Choi, & Ciganek, 2013) ; (Lau & Ng, 2009)

The Relationship of word of mouth to Institution Reputation

This institutional network has high credibility, this institution is famous for its discipline, online reviews, this institution is good and sends good pictures (Serra-Cantalops et al., 2018). Word of mouth can be done traditionally and electronically (Stojanovic et al., 2018).

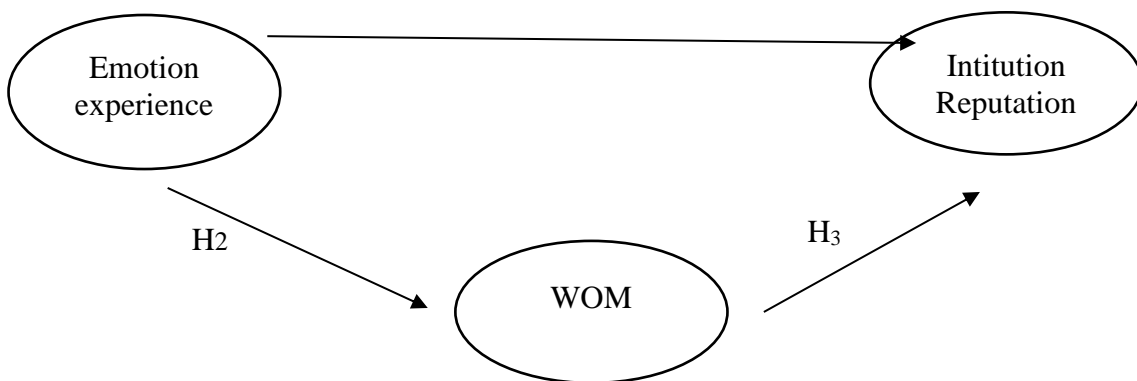


Figure 2.1

Hypothesis

H1. Emotion experience use positively influences Intitution reputation

H2. Emotion experience use positively influences Institution reputation mediated by WOM

3. Material and Method

The populations in this study were all consumers of two institutions, namely Badan Pertanahan Yogyakarta, in Indonesia. The sample amount in this research is 85 respondents. The sampling technique is using accidental. In this research, instrument testing is done with validity and reliability testing. Validity testing is done by using 1. Convergent Validity test, the score is expected $> 0,7$, (2) Discriminant Validity Test is done by comparing loading value on target value must be bigger than loading value with other variables, (3) Average Variance Extracted (AVE), the score is expected $> 0,5$. The reliability test in research is done by the composite reliability test, it is said to be reliable if the composite reliability score is $\geq 0,7$.

The result of the validity and reliability test in research is all of the indicators valid and reliable. The data analysis technique uses Structural Equational Model (SEM) with Smart PLS 3.0 Program. Measurement of variable indicators using a Likert scale.

Table 3. 1 Variable and indicator

No	Variable	Indicator	Source
1	Emotion experience (X ₁)	6 indicator	(Peter & Olson, 1944); (Serra-Cantalops et al., 2018)
2	Word of mouth (Z)	4 indicator	Assael, H. (1998); Schiffman, Leon G. & Kanuk, Leslie L. (2008); (Serra-Cantalops et al., 2018)
3	Institution reputation (Y)	3 indicator	(Kotler & Keller 2014) (Serra-Cantalops et al., 2018)

4. Result and Discussion

Relating to the indicator of the Emotion experience variable, namely the positive experience of consumers in the Institution serving well and positive experiences about administrative matters.

Table 4.1 Mean Description

No.	Statement item	Mean
Emotion experience (X₁)		
1	I have the experience that this Institution is exceptional at serving consumers	4,5412
2	I have the experience that this institution serves me well	4,5765
3	I have experienced The waiting period for administration is fast	4,6235
4	I have the experience that this institution stimulates my negative emotions in administrative matters	4,5647
5	I have a positive experience of administrative matters	4,6335
6	I have a positive experience in many ways compared to other agencies	4,5412
Word of Mouth (Z)		
1	I like to comment on my social network about this institution	3,7176
2	I comment positively about this institution on social networks	4,1647
3	I have posted positive reviews about this institution on its website	4,1765
Institution Reputation (Y)		
1	My view This network of institutions has high credibility	4,5647
2	My view is that this institution is famous for its discipline.	4,588
3	My view is that online reviews of this institution are good and send good pictures.	4,4941

Hypothesis Test

4.1.1 The test; The influence of antecedent Institution Reputation variable. path coefficient tests as follows:

Based on figure 4.1 can be seen that the Emotion experience has not to affect directly to Institution Reputation is 0,251 (P-value =0.07). It is said that the Emotion experience has not a positive effect to Institution Reputation (H1 is not proven/H1 is rejected) so the research results do not support the previous research (Serra-Cantalops et al., 2018)

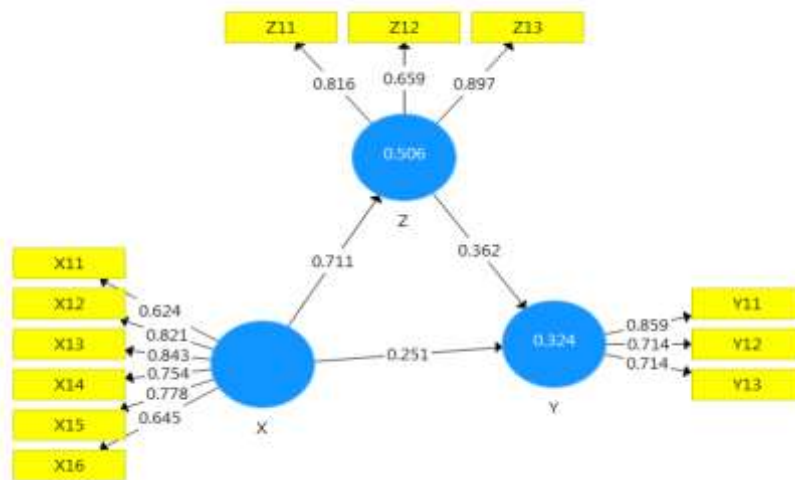


Figure 4.1

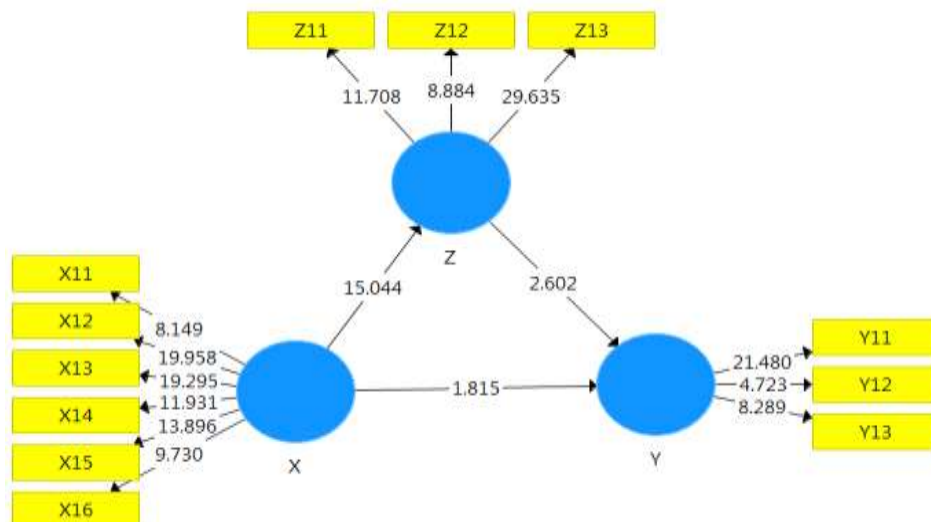


Figure 4.2

4.1.2 Word of Mouth as Mediation to Institution Reputation

To determine Word of Mouth as mediation or cannot be considered the path of each variable. In terms of the Emotion experience, it has not to affect directly to Intolerance Reputation, Word of Mouth in the model is mediation. Word of Mouth must be created so that it can create Institution Reputation. Word of Mouth related This institutional network has high credibility, this institution is famous for your discipline, online reviews of this institution are good and send good pictures. The results of the study support the research (Serra-Cantallops et al., 2018).

Determination Coefficient (R square)

Word of Mouth (R^2_1) = 0,506

Intitution Reputation (R^2_2) = 0,324

Q^2 predictive relevance

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2_1)(1 - R^2_2) \\
 &= 1 - (1 - 0,506)(1 - 0,324) \\
 &= 1 - (0,494)(0,676) \\
 &= 0,6660
 \end{aligned}$$

$Q^2 = 66,60\%$ which means *the* Emotion experience and *word of mouth* contribute 66,60 % towards the Institution Reputation The rest which is 33,40 % is affected by the others variable.

Conclusions

The results of this research contribute to the institution so that it must understand consumer behavior because consumer word of mouth has a positive effect on the institution so it is very important for the institution to develop a strategy for institutional development. The limitation of this study is the filling of questionnaires that cannot be interposed and controlling the filling of unfavorable questionnaires. Future research: Based on the processed data that the PLS model can detect or fit the model is good, this model can be applied to other institutions, however, for the next researcher can add other variables besides the research variable.

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